

H.B. 239 FAQs

General H.B. 239 FAQ's:

Q1: What is a Market Comparability Adjustment (MCA)?

A1: An adjustment to a salary range approved by the legislature that is based upon salary data and other relevant information from comparable jobs in the market that is collected by DHRM or from DHRM approved justifiable sources. The Market Comparability Adjustment may also change incumbent pay resulting in a budgetary impact for an agency. The Market Comparability Adjustment is also titled MCA.

Q2: What is a Structure Adjustment?

A2: An adjustment to a salary range approved by DHRM that is based upon salary data and other relevant information from comparable jobs in the market that is collected by DHRM or from DHRM approved justifiable sources. The salary range adjustment cannot have a budgetary impact on an agency unless additional approval is received from the Governor's Office.

Q3: What is the difference between a Market Comparability Adjustment (MCA) and a Structure Adjustment?

A3: Both a structure adjustment and an MCA result in the movement of a salary range that is based upon salary data and other relevant information from comparable jobs in the market or other justifiable sources. MCAs typically move employee pay by the amount of the salary range increase.

A structure adjustment cannot have a budgetary impact on an agency- adjustments are made to the salary range only, not employee pay. If there is a budgetary impact on an agency due to employees falling below the minimum of the new salary range, it must be funded through the MCA process.

Q4: Does my structure adjustment request need to be funded?

A4: Funding for salary range adjustments shall be legislatively approved unless the adjustment has no budgetary impact or is otherwise funded prior to the adjustment of the salary range.

Q5: Can a structure adjustment be funded outside of a legislative appropriation?

A5: No, structure adjustment recommendations that require funding may be included with the approval of DHRM in the annual compensation plan. The compensation plan is submitted to the Governor no later than October 31 of each year.

Q6: Can a structure adjustment be authorized for jobs that are used in multiple agencies for only one agency?

A6: No, salary range adjustments shall be for all agency jobs. Salary range adjustments shall not be approved for cross agency jobs unless the adjustment has no budgetary impact on all agencies.

Q7: How often will I be allowed to request a structure adjustment?

A7: Salary range adjustments may take place on an annual basis. Limited exceptions may be granted upon request and approval of the Executive Director, DHRM that justifies an emergency need to adjust the salary range more frequently.

Q8: When does an MCA take place?

A8: An MCA takes place at the beginning of the fiscal year or the date when it is determined that fiscal year end processing will occur.

Q9: DHRM will use relevant market data to make an MCA recommendation. What does this mean and what data will be used?

A9: Relevant market data indicators are currently being developed by a workgroup and should be released in the summer of 2015. They will likely include:

- Market data showing the relativity to the external market.
- Recruitment data showing indications that salaries offered fail to attract talent needed in support of the agency's mission and strategy. Data indicators might include multiple attempts to fill a position with qualified applicants, longer than usual time to fill a position, and offer declines because of salary.
- Turnover data showing that the agency is struggling to retain talent because salary levels are too low. Turnover within the first five years of the job is particularly telling.
- Exit interview data indicating that employees have left a particular job classification for another organization because the salary is too low.

Q10: What is a benchmark job?

A10: Benchmarks are typically utilized for three purposes:

1. The alignment of jobs internally to establish internal equity.
2. The collection of market data upon which a salary structure can be built and/or updated.
3. The slotting of non-benchmark positions against the benchmark positions as the basis for establishing a salary range for all positions.

Q11: What is the difference between a classified employee and an unclassified employee?

A11: Classified Employees: Employees that are in positions that are subject to the classification and compensation provisions stipulated in 67-19-12. These positions are compared annually against the market and recommendations for adjustments to salary ranges are based upon this comparison data. Classified employees typically have more controls in place for setting salaries and salary ranges, and have a formal job classification and job description process in place. These employees and jobs comprise the majority of the State's workforce.

Non Classified Employees: Employees that are in positions that are **not** subject to the classification and compensation provisions stipulated in 67-19-12. These employees are not in positions that are regularly surveyed against the market with classified jobs and are on a separate pay plan.

These employees and jobs are all at-will, appointed, and are typically:

- High level management positions or are temporary in nature
- Unique and are difficult to find good data comparisons against the market
- Not subject to Career Service rules and employee grievance rights

FAQ's On Schedule AD/AR Employees Becoming Unclassified

Q12: What is a schedule AD employee?

A12: Schedule AD includes employees who: are in a confidential relationship to an agency head or commissioner; and report directly to, and are supervised by, a department head, commissioner, or deputy director of an agency or its equivalent. The employees are typically Deputy and Division Directors.

Q13: What is a schedule AR employee?

A13: Schedule AR includes employees in positions that involve responsibility: for determining policy and for determining the way in which a policy is carried out. Typically these are high level positions within an agency, or are region directors within a division.

Q14: How does H.B. 239 affect AD/AR employees?

A14: Prior to H.B. 239, AD/AR employees were surveyed in the market in accordance with a classified employees benchmark job and their salary ranges were aligned in accordance with a classified benchmark family. In other words, AD/AR employees were on the same pay plan as classified employees. H.B. 239 makes AD/AR employees unclassified employees who are no longer subject to the pay plan rules as classified employees and are no longer required to be

aligned in the same benchmark job family with classified employees. Eventually AD/AR employees will be subject to a separate pay plan that is managed in accordance with its own set of rules however; this will not be in place by July 1, 2015. DHRM will initially focus on agency “hot-spot” AD/AR jobs to determine the need for salary range adjustments.

Q15: What is the process for requesting a structure adjustment for an AD/AR employee?

A15: Initially, after July 1, 2015, employees who are in schedule codes of AD and AR will be reviewed by DHRM on a case by case basis as requested by the agency to determine the relevance of a request for an adjustment to a salary range. The request will need to be supported by market data that justifies an increase to the salary range. Agencies will be required to submit a recommendation that will support a compensation market need to adjust a salary range for an AD and AR jobs salary range. Agencies that are experiencing challenges attracting and retaining talent because the salary range is too low may be justified in making this request. DHRM will evaluate this request according to a set of standards that support the need to adjust the salary range. A standardized form will be created that will be used to initiate a request to adjust a salary range. This form will include all of the data indicators and documentation needed to justify a request.

Part of DHRM’s evaluation will include an analysis on whether there is a budgetary impact on the agency. Budgetary impacts on agencies will be considered as part of DHRM’s recommendation in the annual compensation plan. DHRM will formulate its recommendation to the Governor’s Office of Management and Budget. Approval from the Governor's Office of Management and Budget is required for requests that affect the salary range of a Deputy Director. Once approvals are received, DHRM will notify the agency and implement the salary range changes for the AD/AR job.

Q16: What does a structure adjustment recommendation for an AD/AR job need to include?

A16: DHRM staff will use the following criteria to justify moving forward with an emergency request to adjust the salary range of an AD/AR job classification:

- There is no budgetary impact to all agencies impacted.
- That problems with the salary range are not resolved with upcoming Market Comparability Adjustment (MCA) funding.
- Evaluation of the salary range maximum shows that its range is a significant barrier to the agencies ability to attract and retain qualified applicants. Note: Jobs with employees that are far below the maximum of the salary range would indicate that the salary range maximum is not an immediate problem.
- Evaluation of a request shows that there is no potential conflict with other AD/AR jobs.

- Verification that a proposed salary range is no more than 40% above and below the salary range midpoint.

The following data provided by the agency may support a request to adjust the salary range of an AD/AR job.

- Market data showing the relativity to the external market that the midpoint of salary range is below market by at least the percentage requested.
- Recruitment data showing indications that the salary offered is not sufficient to attract talent needed in support of the agency's mission and strategy. Data indicators might include multiple attempts to fill a position with qualified applicants, longer than usual time to fill a position, and offer declines because of salary.
- Turnover data showing that the agency is struggling to retain talent because salary levels are too low. Turnover within the first five years of the job is particularly telling.
- Exit interview data indicating that employees have left a particular job classification for another organization because the salary is too low.

Data that an agency provides around the above mentioned triggers may be used to support a recommendation. Structure adjustments will be reviewed by the Governor's Office of Management and Budget (GOMB) prior to implementation.

Q17: Will the pay plan for AD/AR employees be separate from classified employees?

A17: DHRM will be working to develop a more structured pay plan for AD and AR employees however; this will not be in place by July 1, 2015. DHRM will initially focus on agency "Hot-Spot" AD/AR jobs that need salary range adjustments. See Q16 above.

Q18: When can salary ranges be adjusted?

A18: Salary ranges are typically adjusted annually during the fiscal year end process. In the event that an emergency need to adjust salary ranges is justified. DHRM will formulate its recommendation to the Governor's Office of Management and Budget. Approval from the Governor's Office of Management and Budget is required for requests that affect the salary range of a Deputy Director. Once approvals are received, DHRM will notify the agency and implement the salary range changes for the AD/AR job.

Q19: Can I request one large salary range for an AD/AR job?

A19: Each request will be evaluated using proven compensation principles for establishing salary ranges. DHRM rules provide that a job in an AD/AR pay plan shall be assigned to a salary range that is no more than 40% above and below the salary range midpoint.

Q20: Can I create new AD/AR jobs within my agency?

A20: Each request will be evaluated using DHRM rules for establishing a new job. The creation of a new job and the assignment of incumbents to an AD/AR schedule code is dependent upon the agency's justification supported by DHRM that shows that it clearly meets the definition to be an AD/AR job. See Q12 and Q13 above that explains the definitions for AD/AR employees.

Classified Employee Impact FAQ's

Q21: How does H.B. 239 impact Classified employees?

A21: H.B. 239 gives DHRM the ability to use better, more relevant salary data that will be included in its compensation recommendations each year. Historically, state statute for compensation has required DHRM to use very limited salary data and was restricted to using one data indicator (relativity to market in salary range midpoint). Going forward, DHRM will be using multiple data indicators in its annual compensation process to support more targeted funding recommendations.

Employees in classified jobs will still be surveyed every year and evaluated in accordance to its relativity to market in salary. However, other data indicators will be used to support recommendations for MCA recommendations. The use of other data will help DHRM gain a better picture of market conditions and will likely have an impact on where jobs rank on the MCA recommendation list.

Q22: What is the process for requesting a structure adjustment for a classified job?

A22: Agencies will be required to submit a recommendation that will support a compensation market need to adjust a salary range for a classified job. Agencies that are experiencing challenges attracting and retaining talent because the salary range is too low may be justified in making this request. DHRM will evaluate this request according to a set of standards that support the the need to adjust the salary range. A standardized form will be created that will be used to initiate a structure adjustment. This form will include all of the data indicators and documentation needed to justify a request.

Part of DHRM's evaluation will include an analysis on whether there is a budgetary impact on any agency. If there is no budgetary impact DHRM will consult with the Governor's Office of Management and Budget to adjust the salary range. DHRM will notify the agency and implement the salary range changes for the classified job. Range changes that have budgetary impacts on agencies will need to be processed as an MCA and be included in DHRM's annual compensation plan.

Q23: What does a structure adjustment recommendation for a classified job need to include?

A23: DHRM staff will qualify the following criteria to justify moving forward with an emergency structure adjustment.

- There is no budgetary impact to all agencies impacted.
- Problems with the salary range are not resolved with upcoming MCA funding.
- Evaluation of the salary range maximum shows that its range is a significant barrier to the agencies ability to attract and retain qualified applicants. Note: Jobs with employees that are far below the maximum of the salary range would indicate that the salary range maximum is not an immediate problem.
- Evaluation of a request shows that there is no potential conflict with other jobs within the job family.

The following data provided by the agency may support a request to adjust the salary range of a classified job.

- Market Data showing the relativity to the external market that the midpoint of salary range is below market by at least the percentage requested.
- Recruitment Data showing indications that the salary offered is not sufficient to attract talent needed in support of the agency's mission and strategy. Data indicators might include multiple attempts to fill a position with qualified applicants, longer than usual time to fill a position, and offer declines because of salary.
- Turnover data showing that the agency is struggling to retain talent because salary levels are too low. Turnover within the first five years of the job is particularly telling.
- Exit interview data indicating that employees have left a particular job classification for another organization because the salary is too low.

Data that an agency provides around the above mention triggers may be used to support a recommendation. Structure adjustments will be reviewed by the Governor's Office of Management and Budget (GOMB) prior to implementation.

Q24: Can a structure adjustment be authorized for only one job in a benchmark series?

A24: A structure adjustment request for one classified job will likely impact other jobs within a benchmark family. The entire benchmark family will need to be evaluated in order for DHRM to determine the appropriateness of structure change request to one job within a job family. Any

budgetary impacts within the entire job family will need to be resolved prior to a structure adjustment.